

OPEN MEETING AGENDA ITEM

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TUCSON ELECTRIC POWER

E-01933A-11-0269

**GEC** Innovation

Advancing Solar Excellence

ORIGINAL

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December 15, 2011

RE: Tucson Electric Power 2012 REST, Docket No. E-01933A-11-0269

Honorable Chairman Pierce,

Thank you for the opportunity to speak yesterday at the public hearing of the Tucson Electric Power 2012 REST. Below I summarize my comments on Pierce proposed amendment #4.

I appreciate your support of the solar industry and willingness to provide a commercial incentive to avoid decline and accompanying layoffs in our industry. I respectfully submit that a \$0.40/watt incentive as proposed is too low to accomplish this task. My current experience selling small commercial systems in the Tucson market suggests a \$0.75/watt UFI will be required to generate sales in the small commercial market. If an increase in the small commercial UFI is not possible, then I suggest the commercial PBI threshold be lowered to 30KW so that small solar businesses have the opportunity to participate in the commercial market. The current PBI threshold of 70KW is too high for some solar businesses to participate.

The commission recently approved the APS REST with a \$0.75/watt residential incentive and Pierce amendment 4 proposes the same. An equivalent incentive for the TEP service district would be \$0.95/watt considering the lower cost of electricity. I understand that a \$0.75/watt incentive was rapidly exhausted this fall in the TEP service district but believe a loss of the 1603 tax grant and 1 year depreciation will make a slightly higher incentive necessary. I respectfully suggest a \$0.95/watt residential incentive beginning in 2012.

Thank you for your consideration.

Best Regards,

George N. Villec, P.E.  
Owner, GeoInnovation, LLC

Arizona Corporation Commission

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